

Message Text

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SUBJECT: TRADE FACILITATION COMMITTEE: MEETING OF
ASSISTANT SECRETARY WEIL WITH HA'AOKA OF MITI; MEETING OF
COMMERCE/STATE OFFICERS WITH HAYASHI OF MITI

1. SUMMARY: MAIN POINTS MADE BY GOJ OFFICIALS AT SUBJECT
MEETINGS WERE THAT JAPANESE FAVOR NARROW INTERPRETATION OF
TFC TERMS OF REFERENCE; CASES WILL TAKE TIME TO RESOLVE,
PARTICULARLY WHEN ARISING FROM DOMESTIC POLICY DECISIONS;
AND GOJ FAVORS ADVANCE CONSULTATION ON POTENTIAL TFC CASES
TO MAKE TFC "SCOREBOARD" LOOK BETTER. USG OFFICIALS
RESPONDED THAT THEY INTERPRET TERMS OF REFERENCE TO INCLUDE
ALL OFFICIAL ACTIONS THAT AFFECT IMPORTS; SOME CASES MAY
TAKE TIME TO RESOLVE, BUT OTHERS SUCH AS ABBOTT
LABORATORIES SHOULD BE SETTLED QUICKLY; AND WE RESERVE ON
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THE VALUE OF PRIOR CONSULTATION BUT HAVE NO OBJECTION TO
ADVANCE NOTIFICATION. CONGRESSIONAL INTEREST IN TFC CASES
APPEARS TO BE OF SOME CONCERN TO GOJ. END SUMMARY.

2. SOSUKE HANAOKA, DEPUTY DIRECTOR GENERAL, INTERNATIONAL
TRADE POLICY BUREAU, TOOK ADVANTAGE OF HIS VISIT TO
WASHINGTON ON OTHER BUSINESS TO MEET WITH WEILL MAY 31 ABOUT

TFC CASES. FOLLOWING ARE MAIN POINTS MADE DURING THAT MEETING LASTING ABOUT ONE HOUR:

A. HANAOKA: SOME TFC CASES FALL OUTSIDE THE TERMS OF REFERENCE. THE TFC AS DISCUSSED AT MAY 9 CABINET MEETING AND THE MINISTERS WERE ASKED TO COOPERATE; HE IS CONTINUALLY TALKING TO OTHER MINISTRIES ASKING THEIR COOPERATION IN RESOLVING TFC CASES. THE JAPANESE SYSTEM IS DIFFERENT FROM THAT OF THE U.S., HOWEVER, A'D MITI CANNOT PRESSURE OTHER AGENCIES TO ACT EXPEDITIOUSLY ON THESE CASES. MI;ISTRY OF HEALTH AND WELFARE (MHW) WAS NOT DISCRIMINATING IN ABBOTT LAB CASE BUT CONSIDERABLE TIME REQUIRED TO APPROVE NEW MEDICINE.

0. WEIL: THERE MAY NOT BE ANY INTENT AT OFFICIAL DISCRIMINATION OUT ABBOTT CASE LOOKS LIKE EXAMPLE OF UNOFFICIAL DISCRIMINATION AND I FEEL STRONGLY ABOUT THIS CASE. WE HAVE BEEN TOLD IT IS COMMON PRACTICE IN JAPAN THAT WHEN A NEW PRODUCT IS INTRODUCED INTO JAPAN WHERE DOMESTIC MAKERS ARE NOT READY TO COMPETE, GOJ WILL SLOW DOWN APPROVAL UNTIL JAPANESE FIRMS CAN COMPETE. EVEN MITI MAY HOLD UP IMPORT LICENSES FOR THE SAME REASON. IF TRUE, THIS GOES TO THE HEART OF THE PROBLEM. WE HAVE A PROBLEM IF AMERICAN FIRMS CANNOT SELL HIGH TECHNOLOGY PRODUCTS IN JAPAN.

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C. HANAOKA: TOBACCO PROBLEM ALMOST SOLVED. (HANAOKA DESCRIBED REASON FOR GOJ REJECTION OF CASE BUT DID NOT CLARIFY WHAT SOLUTION MIGHT BE. CAN EMBASSY PROVIDE MORE DETAILS?) IF USG WANTS QUICK ANSWERS, IT IS EASY TO SAY NO; BUT IT MAY TAKE TIME TO GET "YES" ANSWER, PARTICULARLY IF WE ARE TRYING TO GET AN AGENCY SUCH AS NTT TO CHANGE A LONG-ESTABLISHED POLICY.

D. WEIL: USG HAS PROBLEMS SIMILAR TO THOSE OF GOJ. FOR EXAMPLE, SOME AGENCIES IGNORE THE REALITIES OF OUR NEED TO EXPORT AND MAY EVEN TAKE ACTIONS THAT IMPEDE EXPORTS. WE ARE CONSIDERING ESTABLISHING AN INTERAGENCY STRIKE FORCE, TO BE DESIGNATED BY THE PRESIDENT, THAT COULD DEAL WITH SUCH PROBLEMS BY GOING TO THE APPROPRIATE USG AGENCY TO GET A DECISION SUPPORTIVE OF OUR EXPORT OBJECTIVES. MENTIONING OF TFC IN GOJ CABINET MEETING GIVES TFC STANDING WITH OTHER MINISTRIES. WE NEED THE WEIGHT OF THE PRIME MINISTER INSERTED INTO THE PROCESS, PERHAPS BY HIS TAKING A PERSONAL INTEREST IN A FEW CASES. WE ARE NOT REPEAT NOT SUGGESTING PM'S OFFICE REPLACE MITI IN HANDLING CASES. WE RECOGNIZE IT MAY TAKE TIME TO RESOLVE SOME CASES, BUT THERE MUST BE A SENSE OF URGENCY. PROTECTIONISM

WILL GROW RAPIDLY, IF WE DO NOT SHOW MORE PROGRESS.

E. HANAOKA: IF THE USG EVALUATES THE RESULTS OF THE TFC AS A BASEBALL SCORE, THEN PERHAPS WE SHOULD HAVE PRIOR

CONSULTATIONS ON EACH TFC CASE WITH A VIEW TO MAKING THE "SCORE" LOOK BETTER. WE SHOULD EMPHASIZE POSITIVE TFC RESULTS SUCH AS JETRO'S EFFORTS AND THE IKEDA MISSION.

F. WEIL: IT IS NOT LIKE A BASEBALL SCORE BUT RATHER A RECORD OF RESULT WHICH IS INTENDED TO KEEP INTERESTED USG PARTIES INFORMED OF WHAT IS HAPPENING IN THE TFC. WE ARE MAKING PROGRESS, BUT OUTSIDERS MAY NOT SEE IT THAT WAY. U.S. BUSINESS IS SKEPTICAL AND BELIEVES THE GOJ WANTS TO LIMITED OFFICIAL USE

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KEEP US OUT OF THEIR MARKET. WE SHOULD VISIT U.S. CITIES TOGETHER AND EXPLAIN THE PROGRESS THAT IS BEING MADE BY THE TFC. I PLAN TO BE IN TOKYO THE WEEK OF JULY 10 FOR THE THIRD SENIOR REVIEW COMMITTEE MEETING.

3. COMMERCE/STATE OFFICERS MET JUNE 1 WITH RYOZO HAYASHI, DEPUTY DIRECTOR, AMERICAS-OCEANIA DIVISION, MITI, AND TOSHIHIKO TANABE, FIRST SECRETARY (COMMERCIAL), JAPANESE EM0ASSY, FOR WORKING LEVEL DISCUSSION ON TFC CASES LASTING OVER TWO HOURS. HAYASHI MADE FOLLOWING POINTS, MOST OF WHICH RAISED IN HANAOKA-WEIL MEETING: (A) MANY PROBLEMS U.S. EXPORTERS HAVE IN JAPAN FALL OUTSIDE TERMS OF REFERENCE AS THEY ARE NOT DUE TO "TRADE PRACTICES OR PROCEDURES" BUT ARISE FROM BASIC JAPANESE ECONOMIC PATTERNS AND POLICIES; (B) GOJ ORGANIZATION TO HANDLE TFC IS INTERNAL PROBLEM; (C) IT WILL TAKE A LONG TIME TO SOLVE MARKET ACCESS COMPLAINTS SUCH AS THOSE RAISED BY GENERAL DATA COMM AND ABBOTT LABS; AND (D) IF THERE IS NEED TO SHOW GOOD SCORE WITH TFC CASES, THEN USG SHOULD CONSULT WITH MITI ON EACH CASE PRIOR TO SUBMITTING TO TFC SO THAT MITI COULD ADVISE AS TO PROSPECTS FOR SUCCESS.

4. OUR REJOINDERS WERE ALONG FOLLOWING LINES: (A) WE INTERPRET TFC TERMS OF REFERENCE MORE BROADLY, CONSISTENT WITH TREATMENT OF TFC IN STRAUSS/USHIBA JOINT STATEMENT. OBJECTIVE IS TO ELIMINATE IMPEDIMENTS THAT AFFECT TRADE AND MOST TFC COMPLAINTS TO DATE DEAL WITH PROBLEMS RESULTING FROM GOJ DOMESTIC ACTIONS OR REGULATIONS THAT IMPACT ON IMPORTS; (0) WE HAVE NOT SUGGESTED HOW GOJ SHOULD ORGANIZE TO HANDLE TFC CASES. OUR UNDERSTANDING, BASED ON STATEMENTS BY GOJ OFFICIALS, E.G., NISHIYAMA AT SECOND SENIOR REVIEW MEETING, IS THAT MITI HAS HAD PROBLEMS GETTING OTHER AGENCIES TO BE RESPONSIVE TO CASES RAISED IN LIMITED OFFICIAL USE

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TFC; (C) WE RECOGNIZE THAT SOME TFC CASES MAY TAKE TIME TO RESOLVE BUT EXPECT THAT SOME CAN BE SETTLED RATHER QUICKLY. WE REFERRED TO WEIL'S STATEMENT TO HANAOKA (PARA 2.D. ABOVE) TO EFFECT THAT TIME IS NOT ON OUR SIDE. IF A PARTICULAR CASE WILL TAKE TIME TO RESOLVE, THERE SHOULD BE SOME INDICATION THAT PROGRESS IS BEING MADE. FOR EXAMPLE,

WE NOTED PROGRESS MADE ON AUTO AND LUMBER STANDARDS PROBLEMS, EVEN THOUGH NOT TFC CASES, THROUGH DISCUSSIONS HELD BETWEEN OUR GOVERNMENTS. BY CONTRAST, GOJ REJECTED GENERAL DATA COMM AND TOBACCO INSTITUTE COMPLAINTS WITHOUT ANY INDICATION OF WILLINGNESS TO DISCUSS AREAS OF POSSIBLE COMPROMISE. WE DO NOT, HOWEVER, BELIEVE EITHER ABBOTT LABS OR CORDIS DOW CASES SHOULD TAKE LONG TIME TO RESOLVE; (D) WE DO NOT THE BENEFIT OF PRIOR CONSULTATIONS SINCE WE WOULD IN ANY CASE SUBMIT TO TFC ALL DOCUMENTED COMPLAINTS RECEIVED FROM U.S. INDUSTRY THAT APPEAR TO WARRANT TFC CONSIDERATION. EMBASSY AND WASHINGTON SCREEN ALL GRIEVANCES CAREFULLY AND DO NOT FORWARD TO TFC ANY COMPLAINTS THAT, UPON INVESTIGATION, ARE FOUND TO BE INAPPROPRIATE FOR TFC. WE HAVE NO PROBLEM WITH PRIOR NOTIFICATION ON EACH TFC CASE TO ALLOW MORE TIME TO DO STAFF WORK, INCLUDING ALERTING OTHER AGENCIES.

5. COMMENT: HAYASHI REFERRED TO STATEMENTS IN SUMMARY (COPY SENT EMBASSY) OF THE WAYS AND MEANS MAY 18 TASK FORCE REPORT SEVERAL TIMES DURING MEETING. IT WAS APPARENT THAT CONGRESSIONAL INTEREST IN TFC CASES CONCERNED THE JAPANESE. THE TFC CASE MECHANISM HAS THE ELEMENT OF ACCOUNTABILITY THAT APPEARS TO HAVE JAPANESE ON THE DEFENSIVE, PARTICULARLY SINCE CONGRESS IS FOLLOWING STATUS OF CASES. GOJ MAY BE REALIZING THAT IT CAN NO LONGER, AS IT HAS IN THE PAST, POSTPONE DEALING WITH SPECIFIC MARKET IMPEDIMENTS UNTIL THE PROBLEMS GO AWAY OR THE FOREIGN PRESSURE ABATES. VANCE

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